Government of Saskatchewan

Annual Report 1988

Forty-fourth Annual Report of the Saskatchewan Liquor Board Superannuation Commission

for the year ended

December 31, 1988

Saskatchewan
Liquor Board
Superannuation
Commission

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Regina, Saskatchewan

The Honourable S. Fedoruk
Lieutenant Governor
Province of Saskatchewan

Madam:

I have the honour to submit herewith the forty-fourth Annual Report of the Saskatchewan Liquor Board Superannuation Commission, together with the financial statements, for the fiscal year ending December 31, 1988, pursuant to the provisions of Section 54 of The Liquor Board Superannuation Act.

Respectfully submitted,

Graham Taylor

D. Graham Taylor
Minister in Charge
Liquor Board
Superannuation Commission

Saskatchewan
Liquor Board
Superannuation
Commission

Regina, Saskatchewan

The Honourable D. G. Taylor
Minister in Charge
Liquor Board Superannuation Commission
Regina, Saskatchewan

Sir:

I have the honour to submit herewith the forty-fourth Annual Report of the Saskatchewan Liquor Board Superannuation Commission, together with the financial statements, for the fiscal year ending December 31, 1988, pursuant to the provisions of Section 54 of The Liquor Board Superannuation Act.

Respectfully submitted,

Brian Smith

Brian L. Smith
Chairman

The Liquor Board Superannuation Commission

Introduction

The Commission, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of The Liquor Board Superannuation Act.

The primary objective of the Commission is to provide superannuation allowances to employees who retire and to the dependents of deceased superannuates and employees, in accordance with the Act.

Contributions and Payments

During the calendar year ended December 31, 1988 employees' contributions to the Liquor Board Superannuation Fund amounted to $298,381. Employer contributions of $996,920 were made to the Fund.

Allowances paid during the year to superannuates, and to the spouses and children of deceased superannuates and employees, amounted to $2,117,395.

Retirements and Deaths

Two employees retired during the year:

Normal retirement at age 65	1
Optional retirement after age 60 with no reduction	1
Total	2

For further details, see Tables 1 and 2.

During the year ten superannuates receiving an allowance died. A superannuation allowance was granted to the spouses of four deceased superannuates. In the other six deaths, there were no beneficiaries.
(See Tables 3 and 4).

Administration

The Public Employees Benefits Agency, in the Department of Finance, is responsible for the operation, administration and management of the Liquor Board Superannuation Plan.

The Commission extends its appreciation to the diligent staff of the Public Employees Benefits Agency responsible for the day to day administration and accounting requirements of the Liquor Board Superannuation Plan and to employees of the Liquor Board for their co-operation and assistance during the year.

Liquor Board Superannuation Commission

Brian Smith	**Chairman**
Ted Urness	**Member**
Wally Fries	**Member**

Table 1 Allowances Granted to Employees

Name	Position	Effective Date
Employees Retired Having Attained the Age of Retirement — Age 65		
Jones, Bernice	Admin. Clerk	February 1, 1988
Employees Retired at Their Option After Age 60 — No Reduction		
Himsl, Roman	L.S. Clerk 3	August 9, 1988

Table 2 Allowances Granted to Employees

Final Monthly Salary	Age	Years of Service	Annual Allowance
Employees Retired Having Attained the Age of Retirement — Age 65			
1,932.64	65	17.67	5,555.60
Employees Retired at Their Option After Age 60 — No Reduction			
2,273.67	63	29.05	11,660.04

Table 3 Allowances Granted to Spouses of Deceased Superannuates

Name of Superannuate	Date of Death	Age at Death
Wallace, Ivan	December 2, 1987	73
Kovach, Elizabeth	February 7, 1988	94
Meggeson, Milly	May 13, 1988	79
McLaughlin, Leonard	June 8, 1988	71
Hill, Ila	June 1, 1988	71
Richardson, Minnie	October 14, 1988	65
Ariss, Zenas	October 26, 1988	74
Werschler, Philippins	December 7, 1988	89
Marciszyn, Michael	November 9, 1988	81
Ingleby, Thomas	March 16, 1988	75

Table 4 Allowances Granted to Spouses of Deceased Superannuates

Annual Allowance at Death	Annual Allowance Payable to Spouse	Effective Date
3,148.44	No Beneficiary	
3,741.00	No Beneficiary	
7,547.88	5,248.80	January 1, 1988
3,168.12	No Beneficiary	
9,292.68	5,575.61	April 1, 1988
6,344.76	3,806.88	November 1, 1988
2,262.00	No Beneficiary	
6,016.08	3,609.72	December 1, 1988
3,509.28	No Beneficiary	
3,629.40	No Beneficiary	

Liquor Board Superannuation Fund

Financial Statements

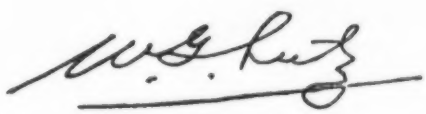
Year Ended December 31, 1988

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of the Liquor Board Superannuation Fund as at December 31, 1988 and the statements of revenue, expenditure and accumulated fund equity, and receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the fund as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
March 3, 1989.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

Liquor Board Superannuation Fund
Balance Sheet

As at December 31

	1988	1987
Assets		
Cash	$ 45,847	$ 65,202
Accounts receivable — Employer's contributions	68,611	96,057
— Employees' contributions	19,868	28,759
— Other	31,128	10,146
Investments (Schedule 1)	11,131,908	10,817,666
Accrued interest	186,919	200,389
	$11,484,281	$11,218,219
Liabilities and Accumulated Fund Equity		
Accounts payable	$ 7,226	$ 118
Fund equity:		
Accumulated fund equity (Statement 2) (Note 8)	11,477,055	11,218,101
	$11,484,281	$11,218,219

(See accompanying notes to the financial statements)

Statement 2

Liquor Board Superannuation Fund
Statement of Revenue, Expenditure and Accumulated Fund Equity

Year Ended December 31

	1988	1987
Revenue:		
Contributions from employers (Note 6)	$ 996,920	$ 1,004,174
Interest revenue	1,047,494	1,009,415
Contributions of employees	298,381	300,650
Gain on sale of investments (net)	63,120	373,966
	2,405,915	2,688,205
Expenditure:		
Superannuation allowances	2,117,395	2,090,634
Refunds — Contributions	—	39,997
— Interest	—	18,407
Administrative Expenses (Note 3)	28,892	—
Investment Fees (Note 4 and 5)	674	—
	2,146,961	2,149,038
Excess of revenue over expenditure	258,954	539,167
Accumulated fund equity, beginning of year	11,218,101	10,678,934
Accumulated fund equity, end of year (Statement 1)	$11,477,055	$11,218,101
Comprised of:		
Employees' accumulated contributions (Note 8)	$ 3,149,954	$ 2,894,102
Unallocated (Note 8)	8,327,101	8,323,999
	$11,477,055	$11,218,101

(See accompanying notes to the financial statements)

Statement 3

Liquor Board Superannuation Fund
Statement of Receipts and Disbursements

Year Ended December 31

	1988	1987
Receipts:		
Contributions by employees	$ 307,272	$ 293,106
Contributions by the employer	1,024,365	978,977
Interest received	1,041,405	1,007,785
Proceeds from maturities and sales of investments	9,253,328	13,029,128
Recovery from Saskatchewan Liquor Board	139	—
Miscellaneous receipts	—	21
	11,626,509	15,309,017
Cash, beginning of year	65,202	62,458
	$11,691,711	$15,371,475
Disbursements:		
Superannuate allowance payments	$2,117,134	$ 2,090,616
Cost of living bonus	—	139
Refunds — Contributions	—	39,997
— Interest	—	18,407
Investments purchased at cost	9,506,011	13,157,064
Administrative Expenses	22,641	—
Miscellaneous disbursements	78	50
	11,645,864	15,306,273
Cash, end of year	45,847	65,202
	$11,691,711	$15,371,475

(See accompanying notes to the financial statements)

Liquor Board Superannuation Fund

Notes to Financial Statements

Year Ended December 31, 1988

1. Significant Accounting Policies

a) **Basis of Accounting**

The accounts are maintained on an accrual basis of accounting.

b) **Investments**

Investments of the fund are recorded at cost. Discounts and premiums on purchase are amortized on a straight-line basis over the life of the investments.

2. Description of the Fund

The fund was established under The Liquor Board Superannuation Act. Membership is comprised of employees and board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees (Government Contributory) Superannuation Plan prior to October 1, 1978.

3. Administrative Costs

On June 28, 1988, subsection 3(2) of the Liquor Board Superannuation Act was amended through the passing of The Department of Revenue and Financial Services Consequential Amendment Act. The amendment, which is retroactive to April 1, 1988, establishes that sums required for the purpose of administering the Liquor Board Superannuation Fund shall be a charge on and paid out of that fund.

The Liquor Board Superannuation Fund is administered by the Public Employees Benefits Agency (PEBA). Prior to April 1, 1988, all expenditures for the administration of PEBA were paid out of the Consolidated Fund. During the year, subsection 32.1(2) of The Department of Revenue and Financial Services Act was amended to establish the Public Employees Benefits Agency Revolving Fund. The Revolving Fund was established to account for all expenditures previously paid out of the Consolidated Fund for the administration of PEBA. In addition, the Minister of Finance may charge a fee for any services which he provides on behalf of the Revolving Fund.

These financial statements reflect the administration costs incurred by the Revolving Fund on behalf of the Liquor Board Superannuation Fund for the period April 1, 1988 to December 31, 1988.

4. Investment Guidelines

The Investment Provisions Amendment Act which is retroactive to June 1, 1988, amends subsection 42(1) of The Liquor Board Superannuation Act. The amendment to subsection 42(1) changes the restrictions imposed on the Liquor Board Superannuation Commission for the purpose of making eligible investments on behalf of the Liquor Board Superannuation Fund. Effective June 1, 1988 the Liquor Board Superannuation Commission may invest any part of the monies standing to the credit of the Liquor Board Superannuation Fund in any securities authorized pursuant to The Pension Benefits Act.

5. Investment Management Fees — Investment Corporation of Saskatchewan

On September 26, 1988 the Liquor Board Superannuation Commission resolved to enter into a unanimous shareholder agreement with the Investment Corporation of Saskatchewan. The resolution was retroactive to June 1, 1988.

The Investment Corporation of Saskatchewan was incorporated under The Business Corporations Act on June 2, 1988. Broadly stated, the powers of the Corporation are to conduct the business of investment management for any type of incorporated or unincorporated entity, including any fund.

The Minister of Finance, on behalf of the Liquor Board Superannuation Fund acquired 3454 Class B shares and 100 Class A shares in the Investment Corporation of Saskatchewan (ICS). Under the provisions of the unanimous shareholder agreement, the responsibility for the investment management of the assets owned by the Liquor Board Superannuation Fund were transferred to the ICS and the Fund simultaneously became subject to the investment management fees levied by the directors of the Corporation.

6. Fund Contributions

Member contributions are based on a percentage of salary. The contributions required by the employer are calculated by applying a predetermined rate to the member's contributions.

7. Unfunded Liability

The most recent actuarial valuation of the Saskatchewan Liquor Board Superannuation Plan estimated that on December 31, 1986 the fund had an unfunded liability for past service benefits of $13,650,759. The Saskatchewan Liquor Board is obligated to fund any deficiency to meet retirement benefits and withdrawals.

8. Accumulated Fund Equity

a) **Unallocated**

This accumulated fund equity represents the balance of all amounts contributed by former members who themselves or whose beneficiaries are receiving allowances, all amounts contributed by the employer and all interest earned and gains or losses realized on sale of fund investments, reduced by allowances paid to superannuates and interest on contributions refunded to members who have resigned.

b) **Employees' Accumulated Contributions**

This amount represents the accumulated amounts that have been contributed to the fund by current Board employees or former employees who are not yet in receipt of benefits.

Schedule 1

Liquor Board Superannuation Fund
Schedule of Investments

Year Ended December 31

	1988	1987
Bonds		
Government of Canada	$ 913,355	$ 918,760
Province of Saskatchewan	2,217,918	2,207,193
Other Provincial and Provincially Guaranteed	809,451	801,983
Corporate	3,031,603	3,102,221
	6,972,327	7,030,157
Mortgages		
Metropolitan Trust Company of Canada	310,841	527,784
Shares	2,670,123	2,250,280
Short-term Investments	1,178,617	1,009,445
Total Investments	$11,131,908	$10,817,666

Bonds, mortgages and shares had a quoted market value of $10,322,219 on December 31, 1988 (1987 — $10,197,387). Short-term investments are valued at cost, which approximates market value.

Schedule 2

Liquor Board Superannuation Fund
Schedule of Investment Transactions

Year Ended December 31, 1988

Bonds and Debentures

Purchased	Maturity Date	Interest Rate	Cost	Par Value
National Bank	November 18, 1991	10.00%	$ 495,700.00	$ 500,000

Sold or Matured	Maturity Date	Interest Rate	Received	Book Value	Par Value
Interhome Energy	July 15, 1996	10.875%	$ 24,000.00	$ 24,875.00	$ 24,000
Norcen Energy Resources	December 20, 2003	13.25	9,000.00	9,000.00	9,000
Producers Pipeline	June 30, 1995	12.00	20,370.37	20,370.37	20,370
Roynat	July 28, 1989	9.95	500,000.00	501,620.00	500,000
Union Gas Limited	November 1, 2002	14.25	11,000.00	11,000.00	11,000
			$ 564,370.37	$ 566,865.37	$ 564,370

	Par Value
Net decrease in Bonds and Debentures at Par Value (564,370-500,000)	$ (64,370)
ADD: Total as at December 31, 1987 at Par Value	7,283,074
Total Bonds and Debentures (Par Value) December 31, 1988	7,218,704
LESS: Unamortized Discounts	246,377
Total Bonds and Debentures (at Amortized Cost) December 31, 1988	6,972,327
Total Bonds and Debentures (at Amortized Cost) December 31, 1987	7,030,157
Net decrease in Bonds and Debentures at Amortized Cost	$ (57,830)

Insured Mortgages at Cost — Transactions

During the year 1988	Interest Rate	Purchased	Discount Amortized	Disposed	Net
Metropolitan Trust					
— John Remai	13.625%	$ —	$ —	$ 215,112	$ (215,112)
— Dahlem (Aspen) Holdings	10.75	—	4,340	5,289	(949)
— Country Club Estates	10.125	—	1,640	2,522	(882)
Totals		$ —	$ 5,980	$ 222,923	$ (216,943)

Corporate Shares at Cost — Transactions

During the year 1988	**Shares #**	**Purchased**	**Disposed**	**Net**
Alberta Natural Gas	14,300	$ —	$ 208,351	$(208,351)
Enerplus Resources Royalty Units "C"	37,500	375,000	—	375,000
Enerplus Resources Royalty Units "D"	25,000	250,000	—	250,000
Inco	2,000	80,100	29,890	50,210
Investment Corp of Sask Class A	100	100	—	100
Investment Corp of Sask Class B	3,484	3,484	—	3,484
Investors Group Inc.	10,700	138,618	138,618	—
Northern Telecom	10,000	227,800	227,800	—
Teck Corporation Preferred	400	—	50,600	(50,600)
Torstar Corporation	8,400	204,456	204,456	—
Trilon Financial Corp	16,600	249,996	249,996	—
George Weston Ltd.	10,000	310,900	310,900	—
		$ 1,840,454	$1,420,611	$ 419,843

Short-Term Investments	**Purchased**	**Disposed**	**Net**
Transactions during the year	$ 7,169,857	$ 7,000,685	$ 169,172

Summary of Investment Transactions (At Cost)	
Decrease in Bonds and Debentures at Amortized Cost	$ (57,830)
Decrease in Insured Mortgages	(216,943)
Increase in Corporate Shares	419,843
Increase in Short-Term	169,172
Total Investment Transactions	$ 314,242
Investments, beginning of year (at cost)	10,817,666
Investments, end of year (at cost)	$ 11,131,908